

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6554

BILL NUMBER: HB 1164

NOTE PREPARED: Dec 17, 2010

BILL AMENDED:

SUBJECT: Vigo County Innkeeper's Tax.

FIRST AUTHOR: Rep. Kersey

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill increases the maximum Vigo County innkeeper's tax rate that may be imposed by the county council from 5% to 8%. It phases in the increase over six years.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill would raise the maximum tax rate in Vigo County by a half-percent per year until reaching 8% in CY 2017. The tax rate is currently 5%. The following table illustrates the estimated revenue impact of the proposed rate increases over the current 5% rate. Estimates were generated from the implied tax base beginning in CY 2011 of \$22.6 M and the December 15, 2010, state revenue forecast percent growth in state Sales Tax over FY 2011, 2012, and 2013.

The effective date of the bill would allow the county at least six months to prepare for tax collections at the new rate beginning January 1, 2012.

CY	Proposed Maximum Rate	Rate Increase over 5%	Additional Revenue from Annual 0.5% Rate Increase
2012	5.5%	0.5%	\$117,255
2013	6.0%	1.0%	\$127,808
2014	6.5%	1.5%	\$139,073
2015	7.0%	2.0%	\$151,093
2016	7.5%	2.5%	\$163,914
2017	8.0%	3.0%	\$177,582
TOTAL			\$876,725
*Note- Revenue estimates based on the estimated percent growth of state Sales Tax from the most recent State Revenue Forecast (4.5% per year from FY 2013 onward)			

Background- Vigo County Innkeeper's tax rate has been at 5% since FY 2005. Vigo County collected \$1.07 M in Innkeeper's tax in FY 2010. The tax revenue is used to maintain a sports and recreation facility in the county.

State Agencies Affected:

Local Agencies Affected: Vigo County.

Information Sources: *2010 Indiana Handbook of Taxes, Revenues, and Appropriations*; State Revenue Forecast, December 15, 2010.

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